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## Conference of the Parties

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Matters relating to finance

Long-term climate finance

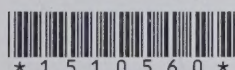
## Compilation and synthesis of the biennial submissions from developed country Parties on their strategies and approaches for scaling up climate finance from 2014 to 2020

Note by the secretariat

### *Summary*

This document provides a synthesis of the information provided by developed country Parties in their biennial submissions on their strategies and approaches for scaling up climate finance from 2014 to 2020. It has been prepared to inform the annual in-session workshops on long-term finance, in accordance with decision 5/CP.20, paragraph 12.

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## I. Introduction

### A. Mandate

1. The Conference of the Parties (COP), by decision 3/CP.19, decided to continue its deliberations on long-term finance for the period from 2014 to 2020 with the following core elements:<sup>1</sup>

(a) Biennial submissions from developed country Parties on their updated strategies and approaches for scaling up climate finance;

(b) Annual in-session workshops on long-term finance to be organized by the secretariat;

(c) Biennial high-level ministerial dialogues on climate finance.

2. Furthermore, the COP requested developed country Parties to provide information in their biennial submissions on their updated strategies and approaches, including any available information on quantitative and qualitative elements of a pathway, on the following:<sup>2</sup>

(a) Information to increase clarity on the expected levels of climate finance mobilized from different sources;

(b) Information on policies, programmes and priorities;

(c) Information on actions and plans to mobilize additional finance;

(d) Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change;

(e) Information on steps taken to enhance their enabling environments, following on from the report of the co-chairs of the extended work programme on long-term finance.<sup>3</sup>

3. The COP, by decision 5/CP.20, paragraph 11, requested the secretariat to prepare a compilation and synthesis of the biennial submissions on the strategies and approaches from developed country Parties, to inform the in-session workshops on long-term finance.

### B. Scope and submissions

4. Submissions on their updated strategies and approaches for scaling up climate finance were made by the following Parties in 2014: Canada, Italy and the European Union on behalf of its member States,<sup>4</sup> Japan, New Zealand, Norway, Switzerland, and the United States of America.<sup>5</sup>

<sup>1</sup> Decision 3/CP.19, paragraphs 10, 12 and 13.

<sup>2</sup> Decision 3/CP.19, paragraph 10.

<sup>3</sup> FCCC/CP/2013/7.

<sup>4</sup> This submission is supported by Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, and Serbia.

<sup>5</sup> Available at

<<http://www4.unfccc.int/submissions/SitePages/sessions.aspx?expectedsubmissionfrom=Parties&focalBodies=COP>> (select 2014 as the year).

II. Synthesis of information provided

5. This chapter synthesizes the information provided by developed country Parties in their submissions on their updated strategies and approaches for scaling up climate finance from 2014 to 2020. It is based on the elements contained in decision 3/CP.19 referred to in paragraph 2 above. The synthesis captures both quantitative and qualitative information as provided by developed country Parties in their submissions.

A. Information to increase clarity on the expected levels of climate finance mobilized from different sources

6. Developed country Parties provided different types of information aimed at increasing clarity on the expected levels of climate finance mobilized from different resources. They also provided quantitative information on the current levels of their bilateral, multilateral and regional climate finance. This information was provided either in aggregated or in detailed form and using different time frames. Table 1 below provides an overview of the level of climate finance commitments as reported by these Parties in their submissions.

7. Developed country Parties emphasized their achievements in terms of financial support provided during the fast-start finance period from 2010 to 2012. Building on these results, most of these Parties reiterated that they are working towards the collective goal of mobilizing USD 100 billion in climate finance per year by 2020, from a wide variety of public and private, bilateral and multilateral sources.

Table 1  
Overview of the levels of climate finance commitments by developed country Parties

<i>Party<sup>a</sup></i>	<i>Reported level of climate finance commitments</i>	<i>Time frame</i>
Sweden	USD 1.7 billion	2009–2012
Canada	USD 1.5 billion	2009/10–2012/13 (fiscal years)
Finland	EUR 130 million	2010–2012
United Kingdom	GBP 3.87 billion	2011–2016
Switzerland	USD 170 million	2012
United States of America	USD 2.7 billion	2013 (fiscal year)
Norway	USD 1.27 billion	2013
European Union	EUR 900 million	2013
Austria	EUR 95 million	2013
Czech Republic	EUR 4.3 million	2013
France <sup>b</sup>	EUR 2.4 billion	2013
Ireland	EUR 33 million	2013
Portugal	EUR 23 million	2013



<i>Party<sup>a</sup></i>	<i>Reported level of climate finance commitments</i>	<i>Time frame</i>
Japan	USD 16.2 billion	From January 2013 to June 2014
Netherlands	EUR 340 million	2014
Germany	EUR 1.85 billion	2014

<sup>a</sup> The information included in this table refers to total aggregate numbers provided by developed country Parties in their submissions. The fact that some developed country Parties are not mentioned in this table does not mean that they did not provide information on the level of their spending, but rather, that they provided such information in a disaggregated manner.

<sup>b</sup> Commitment of its bilateral finance institution: Agence française de développement.

8. Additionally, some developed country Parties provided information on their expected level of finance, while others provided general information pointing to possible future levels of climate finance. Several other developed country Parties emphasized the increasing trend of their financial commitments as a sign of their continued commitment to mobilizing climate finance.

9. The information on the expected levels of climate finance was provided by the European Union (EU), which mentioned its plan to commit about EUR 1.7 billion of public grant funding, from the EU budget and the European Development Fund, to support climate relevant activities in developing countries in 2014–2015. The United Kingdom also mentioned that it will provide GBP 969 million in the fiscal year 2015–2016 to climate finance.

10. As for the information pointing to possible future levels of climate finance, as mentioned above, many developed country Parties highlighted their increasing financial commitments as a signal of their continued commitment to mobilizing climate finance (see para. 8 above), while a few others highlighted that their current level of climate finance to developing countries would serve as a baseline for their future commitments. For example, Norway confirmed its intention to continue to provide finance for REDD-plus<sup>6</sup> activities at least at current levels until 2020 (approximately USD 484 million annually).

11. Developed country Parties also gave examples of provisions being undertaken that aim at increasing their financial commitments to climate change. For example, France mentioned its objective to reach a high level of climate activity for 2012–2016 by making the climate-related financing commitments of its bilateral institutions equal to 50 per cent of its total foreign-aid funding.

12. Particular attention was also paid by many developed country Parties to the pledges that they made to the Green Climate Fund (GCF), viewing them as a significantly positive signal which would increase clarity on the expected levels of climate finance. In addition, developed country Parties also highlighted the increase in their contributions to the sixth replenishment of the Global Environment Facility.

13. The importance of clarity on the levels of finance mobilized through private sector and other alternative sources of finance was also mentioned. In this context, most developed country Parties emphasized the role of public finance in mobilizing private sector investment and therefore called for continued efforts to be made to improve the

<sup>6</sup> In decision 1/CP.16, paragraph 70, the COP encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

tracking of private sector finance. Those Parties mentioned the support they provided to the work of the Research Collaborative on tracking private climate finance, coordinated by the Organisation for Economic Co-operation and Development.

14. Beyond public and private sources of climate finance, different developed country Parties also suggested that progress on alternative sources would increase clarity on the expected levels of climate finance. For example, a number of developed country Parties supported the development of a global market-based measure to curb emissions from international aviation and maritime sectors, while Japan highlighted that the issue should be discussed under their respective processes (the International Maritime Organization and the International Civil Aviation Organization) and not under the UNFCCC process. France, on the other hand, elaborated on how a financial transaction tax is a promising way by which to raise public funding in a time of fiscal constraint in many advanced economies and it explained how it is already implementing such a tax on a national level with the objective that part of its revenues will be channelled to the GCF.

15. Table 2 below summarizes the information provided by developed country Parties on the expected levels of climate finance as elaborated on in the preceding paragraphs.

Table 2

**Information provided by developed country Parties with regard to expected levels of climate finance**

<i>Type of information</i>	<i>Scope of information</i>	<i>Distribution of developed country Parties</i>
Quantitative	Current levels of climate finance	All developed country Parties
Quantitative and qualitative	Current levels of climate finance to serve as a baseline for future commitments	Norway, European Union
Qualitative	Increasing trend in the provision of climate finance as a signal of continued provision of climate finance	Many developed country Parties
Qualitative	Need for progress on the tracking of private sector finance as a means to enhance clarity on climate finance	Most developed country Parties
Qualitative	Progress on alternative sources could enhance clarity on climate finance	While some developed country Parties are calling for progress on a global market-based measure to curb emissions from international aviation and maritime sectors, Japan stated this should not be discussed under the UNFCCC process



## B. Information on policies, programmes and priorities

### 1. Information on policies

16. In providing information on their policies for mobilizing climate finance, most developed country Parties made a link between climate finance and development assistance. In this regard, many developed country Parties emphasized that the main purpose of their climate finance action is to support developing countries in mainstreaming climate change mitigation and adaptation in their national development planning and strategies. Accordingly, Switzerland highlighted the fact that its strategies and approaches for scaling up international public climate finance are linked to its overall strategies and approaches for providing development assistance, while some developed country Parties highlighted the use of official development assistance as an important source of climate finance.

17. Table 3 below presents an overview of the policies mentioned by developed country Parties in this regard. The list is not exhaustive and further examples can be found in the individual submissions.

Table 3

#### Examples of policies for scaling up climate finance mentioned by developed country Parties

<i>Policy</i>	<i>Main objective(s)</i>
President's Climate Action Plan (United States of America)	To end government support for public financing of new coal plants overseas, except for (a) the most efficient coal technology available in the world's poorest countries in cases where no other economically feasible alternative exists, or (b) facilities deploying carbon capture and sequestration technologies
Executive order (United States of America)	Mandate to the federal agencies to take climate change impacts into account in all international development work
Policy (Ireland)	To make 'climate change and development' one of the priority areas for international cooperation
Law (Belgium)	Climate change has to be integrated into all programmes funded through development cooperation
National strategy on international development (Portugal)	Climate financing is as an important area in international development cooperation along with capacity-building, education and health
Law (Belgium)	Climate change has to be integrated into all programmes of international cooperation (bilateral, multilateral, non-governmental) and to the development of the local private sector
Provision of a bilateral agency (Switzerland)	Policy of not granting insurance cover for the export of coal plants

18. Developed country Parties also provided information on the principles guiding the provision of their financial support to climate action in developing countries. In this respect, **achieving co-benefits between climate change and development finance** was mentioned by a number of developed country Parties as one of the guiding principles that govern the provision of their financial support to climate change in developing countries.



19. **Country-ownership** was also highlighted by several developed country Parties as an important principle for the provision of climate finance. A number of developed country Parties emphasized that their financial support to climate action targets the needs and priorities of developing countries, and that these needs and priorities are either jointly discussed and agreed with individual partner countries, or are directly assessed by the developing countries themselves. Further information on how developed country Parties have addressed the needs of developing countries is provided in section D of this document.

20. **The effectiveness of climate finance** was also mentioned by some developed country Parties as another principle that guides their support to developing countries. Belgium and Portugal mentioned that they consider the principles of the Paris Declaration on Aid Effectiveness when providing financial support to climate actions in developing countries, while a number of others stressed that a better understanding of the results achieved with the finance delivered would help to raise additional domestic public resources. Canada highlighted five key attributes of effective climate finance (cost-effective, predictable, transformational, transparent and results-based). New Zealand outlined and elaborated on its key principles of effective climate finance, including ownership, alignment, coherence, coordination and communication, focus on outcomes, and enabling private sector engagement. Further details of the above-mentioned attributes and principles of effective climate finance are available in the respective submissions.

## 2. Information on programmes

21. The information provided by developed countries on their programmes referred to a number of funding facilities and initiatives established and/or supported, as well as measures undertaken to support climate action in developing countries.

22. Table 4 below provides an overview of funding facilities and initiatives established or supported by developed country Parties in their submissions with their respective focuses. The list is not exhaustive and more information can be found in the individual submissions.

23. With regard to measures undertaken to support climate action in developing countries, examples were provided in the following areas:

- (a) Enhancing private sector participation and investment in low-carbon and climate resilient (LCCR) projects;
- (b) Supporting the development of market-based measures in developing countries;
- (c) Supporting the mainstreaming of adaptation into development planning.

24. All developed country Parties noted the crucial role that the private sector must play in mobilizing resources for LCCR in developing countries. They provided several examples of initiatives and instruments being supported that aimed at leveraging private sector financing. For example, the United States of America highlighted how its pilot support to innovative approaches aims at enhancing the financial viability of LCCR projects by increasing investors' confidence. Canada provided examples of how funds from its facilities for the private sector – established and hosted in different Multilateral Development Banks (MDBs) – are blended alongside the funds of MDBs used to enable private sector investment that would not have happened otherwise. Further information on efforts to mobilize private sector finance is provided in section E of this document.



Table 4  
Overview of initiatives and facilities established and/or supported by developed country Parties for climate action in developing countries

<i>Initiatives/funds/facilities established and/or supported</i>	<i>Scope</i>
Global Climate Change Alliance (GCCA), launched in 2007 and coordinated by the European Commission with funding from the European Union (EU) and several EU member States	GCCA supports the mainstreaming of climate action into development planning, by providing technical and financial support with a focus on integrating climate change into poverty reduction strategies, adaptation, REDD-plus and disaster risk reduction
R4 Rural Resilience Initiative, hosted by the World Food Programme	Through this initiative, new innovative insurance schemes have been piloted. For example, with the support of the United States, this initiative has helped poor farmers to manage weather risks in Senegal
African Risk Capacity (ARC), capitalized with contributions from Germany and the United Kingdom	ARC is offering drought insurance to African Member States. In the medium term, ARC will be majority owned by the African countries that benefit from the insurance cover
Africa Agri-Food Development Fund (AADF)	The objective of AADF is to develop partnerships between the Irish agri-food sector and African countries in order to support sustainable growth of the local food industry and build markets for local produce in Africa, and to support mutual trade between Ireland and Africa
Programa de Desarrollo Agropecuario Sustentable (supported by Sweden)	In the Plurinational State of Bolivia, this programme has increased farmers' resilience to climate change through soil conservation, more efficient use of water, access to irrigation and new crops
Building Resilience and Adapting to Climate Extremes and Disasters (BRACED) programme, launched by the United Kingdom in 2013	BRACED will help more than 5 million people to build their resilience to climate-related disasters such as floods, droughts and storms across up to 15 countries, including 6 in the Sahel region. BRACED will have a strong emphasis on empowering women in order to reduce their vulnerability to extreme weather, and an emphasis on helping to improve national and local policies and institutions to better integrate disaster risk reduction and adaptation
Adaptation for Smallholder Agriculture Programme (ASAP) – multi-donor funded programme at the International Fund for Agricultural Development	ASAP is supporting 35 developing countries in order to help up to 8 million farmers to cope with the impacts of climate change, increase their incomes and at the same time deliver mitigation benefits from climate smart agriculture that sequesters carbon and reduces emissions from agriculture
Canadian Climate Fund for the Private Sector in the Americas	The Fund recently approved its first adaptation project that uses private financing approaches. Financing will be provided to small and medium-sized coffee farmers in Central and Latin America on longer terms than are currently available



<i>Initiatives/funds/facilities established and/or supported</i>	<i>Scope</i>
United States –Africa Clean Energy Initiative (US-ACEF)	Recognizing that early-stage project development risks often jeopardize project bankability, USACEF seeks to address sub-Saharan Africa's acute energy needs by providing early-stage development support in order to ensure that renewable energy and energy efficiency projects reach financial close and mobilize significant private investment
Global Energy Efficiency and Renewable Energy Fund (GEEREF) – initiated by the European Commission with funding from the EU, Germany and Norway	GEEREF is an equity fund-of-funds to accelerate the transfer, development and use of environmentally sound technologies for emerging markets, helping to bring secure, clean and affordable energy to local people. It is an innovative global equity/risk capital fund that will use limited public money to mobilize private investment in small-scale energy efficiency and renewable energy projects
Nationally appropriate mitigation action (NAMA) facilities (from the United Kingdom and Germany (joint NAMA Facility), Austria, and Spain)	The different facilities are providing support for the implementation of the most transformational NAMAs in developing countries
International Climate Initiative (ICI) – Germany	ICI is a dedicated instrument for climate finance aiming to play a catalytic role for both concrete actions on the ground and in the UNFCCC process
Global Climate Partnership Fund (GCPF)	GCPF is a structure public-private partnership fund that fosters energy efficiency and renewable energy investments in small and medium-sized enterprises and private households in the target countries via financial institutions or directly
Swiss Investment Fund for Emerging Markets (SIFEM)	The mission of SIFEM is to promote long-term, sustainable and broad-based growth in order to fight poverty and increase living standards in developing and emerging countries by providing long-term finance and advisory support to the private sector. Through the climate investments of SIFEM, additional private sector investments can be leveraged and increase the climate change mitigation and adaptation impact of large infrastructure projects on the ground.
Global Environment Facility	
Green Climate Fund	
Least Developed Countries Fund	
Adaptation Fund	
Climate Investment Funds	



25. As for the support provided for the mainstreaming of adaptation into development planning, a number of developed country Parties highlighted the support that they have provided to national adaptation programmes of action and national adaptation plan (NAP) processes in developing countries. Box 1 highlights some examples of support provided to mainstreaming adaptation and NAP processes in developing countries.

Box 1

**Examples of support provided to mainstreaming adaptation and national adaptation plan processes**

Norway highlighted its approach to assisting countries in integrating climate change into national plans and strategies, in order to contribute to a holistic approach for each country's adaptation work. Such a holistic approach includes prevention, crisis management and reconstruction. It emphasized its support to both national and international organizations that emphasize prevention as prevention is linked with humanitarian efforts and policies in general.

Germany highlighted the technical support it provided to adaptation activities, including support to national adaptation plan (NAP) processes and its preparatory activities such as the stocktaking for national adaptation planning tool and NAP align, monitoring and evaluation of adaptation at the project level, and vulnerability analyses. It highlighted two types of instruments that are used to support countries in mainstreaming adaptation: (a) the environmental and climate assessment, and (b) climate proofing for development in partner countries.

The United States of America highlighted its support to NAP processes in several developing countries. It also highlighted its provision of technical support to coordination, policy development, technical assistance and other activities in a number of developing countries in order to help to advance the NAP processes.

### 3. Information on priorities

26. The information provided by developed country Parties on the priorities they followed in supporting climate change action in developing countries ranged from geographical focus to thematic and delivery mechanisms.

27. Many developed country Parties attach particular importance to assisting countries that are most vulnerable to climate change. For example, New Zealand noted that its climate-related assistance will continue to have a strong emphasis on the small island developing States in the Pacific region because of its strong relationship with those countries and its experience in making a difference therein. Portugal mentioned that it prioritized Lusophone African countries and Timor-Leste in its bilateral cooperation programmes, while France and Belgium noted the focus of their programmes on Francophone African countries.

28. While all developed country Parties provided information on their financial support to either mitigation or adaptation activities, some developed country Parties specified their priorities for both themes. Clean energy (reducing greenhouse gas emissions by greater utilization of renewable energy and increased energy efficiency) and sustainable landscapes (reducing greenhouse gas emissions from forests and land use) came across as the main priorities in mitigation, while disaster risk reduction and interventions to improve climate resilience and reduce vulnerability were mentioned as the main adaptation-related priorities.

29. Bilateral cooperation emerged from the submissions as the delivery channel mostly used by the majority of developed country Parties. Some developed country Parties,

however, reported to have also used multilateral channels in order to enhance the predictability of funding. In addition, developed country Parties highlighted the importance of reaching a 50:50 ratio in the allocation of funding between mitigation and adaptation, and welcomed the decision by the GCF Board to reach such parity over time.

## **C. Information on actions and plans to mobilize additional finance**

30. With regard to the information on actions and plans to mobilize additional finance, there was an overlap of information provided by developed country Parties in terms of clarity on expected levels of climate finance. As a result, the information captured in this section complements the information already presented in section A of this document.

### **1. Coordination and collaboration among different stakeholders**

31. In order to accelerate the mobilization of additional finance, many developed country Parties stressed the importance of coordination and collaboration among different stakeholders, including public and private sectors as well as among different countries. In this regard, many developed country Parties highlighted their support to the Global Innovation Lab for Climate Finance, a public–private initiative to identify and stress test the most promising and cutting edge climate finance instruments and approaches for catalysing new private investment for climate change mitigation and adaptation in developing countries. The Lab aims to demonstrate the viability of new and innovative climate finance instruments for countries, MDBs, development finance institutions and other institutions to potentially deploy climate finance.

32. Another initiative aimed at enhancing the coordination and collaboration among different stakeholders was the high-level Copenhagen Climate Finance Meeting where the Secretary-General of the United Nations, developed and developing countries, and private sector representatives examined how governments can mobilize private climate finance through the enhancement of enabling environments and the use of financial instruments.

### **2. Developing and supporting innovative financial instruments**

33. Many developed country Parties reported different efforts to develop unconventional or innovative financial instruments in order to mobilize additional finance. For instance, some developed country Parties blended their grants with other types of resources provided by financial instruments, such as bilateral financial agencies, to maximize the leverage effect and impact of their financing for infrastructure and private sector development. Such ‘blending’ aimed at making projects with a large development and climate impact financially more viable in order to unlock non-grant financing for development.

### **3. Mobilizing private climate finance**

34. As they reiterated their commitment to the goal of jointly mobilizing USD 100 billion per year by 2020 in order to address the needs of developing countries, developed country Parties stressed the point that private sector climate finance is critical, and emphasized the key role that public finance has to play in leveraging private investment in developing countries. Accordingly, developed country Parties presented different approaches that they followed in order to mobilize additional resources from the private sector.

35. Several developed country Parties mentioned that they had provided support that directly mobilized private climate finance for mitigation and adaptation measures in developing countries through a variety of instruments such as climate specific credit lines for the financial sector of the partner countries, climate insurance systems, risk mitigation



measures, export credit guarantees, concessional lending, equity co-financing and grant support. Switzerland, on the other hand, mentioned that it works with the private sector to make its related investments climate-smart. Most developed country Parties also elaborated on their support to private sector climate finance in adaptation.

36. The United Kingdom highlighted the three main pillars of its approach to mobilizing the private sector:

- (a) Reducing costs and raising returns to make private investments viable;
- (b) Reducing real or perceived risks which are barriers to investments;
- (c) Developing enabling environments and building capacity.

37. Developed country Parties also highlighted that through co-financing they were able to leverage additional resources from the private sector. Box 2 highlights some of the initiatives aimed at mobilizing private sector finance that were highlighted in the submissions. The list is not exhaustive and further examples can be found in the individual submissions.

#### Box 2

##### **Examples of instruments, measures and facilities aimed at mobilizing private sector finance**

###### *Sustainable Energy Fund for Africa*

Denmark has invested USD 55 million in the Sustainable Energy Fund for Africa (SEFA) which is administered by the African Development Bank and supports a number of sustainable energy projects by providing help in project preparation, grants or equity investments. SEFA has recently committed funds to the new African Renewable Energy Fund (AREF) which is managed as a private equity fund.

###### *Finnish Fund for Industrial Cooperation Ltd.*

The Finnish Fund for Industrial Cooperation Ltd. (Finnfund) is a state-owned company that finances private projects in developing countries by providing long-term risk capital for profitable projects. The funding modalities include equity investments, loans and/or guarantees. It cooperates with Finnish and foreign companies, investors and financiers. About half of the investments made by Finnfund in recent years can be regarded as climate finance because they have been used for projects in renewable energy, to prevent deforestation, to enhance energy and material efficiency or to improve the ability of poor people to adapt to the challenges posed by climate change.

###### *France's Emerging Countries Reserve*

France's Emerging Countries Reserve (RPE) consists of very concessional loans, which finance infrastructural projects mainly in emerging countries. Between 2005 and 2012, RPE has financed around 30 projects related to climate change mainly in transport, water, the environment and urban planning, for an average annual financing of about EUR 255 million.

###### *Green for Growth Fund*

The Green for Growth Fund (GGF), South-East Europe is the first specialized fund to advance energy efficiency and renewable energy in South-East Europe, as well as in the nearby European Eastern Neighbourhood region. Initiated by the European Investment Bank and the German KfW Development Bank, GGF is an innovative public-private partnership established to reduce energy consumption and carbon dioxide emissions. GGF provides refinancing to financial institutions in order to enhance their participation in the energy efficiency and renewable efficiency sectors and also makes direct

investments in non-financial institutions with projects in these areas. GGF is a structured fund with a current fund volume of approximately EUR 238 million and overall commitments of EUR 274 million. Investors, besides EIB and KfW, are several international financial institutions and also first private investors.

#### *Althelia Climate Fund*

In order to address a market barrier to investment in forest conservation, United States Agency for International Development's Development Credit Authority worked with the Althelia Climate Fund to structure a partial loan portfolio guarantee. This partnership is expected to unlock investments by providing the added risk support needed to encourage additional lending for project development to communities working to protect the world's tropical forests. These loans will eventually be repaid through revenue from productive activities and the sale of carbon credits. Specifically, USD 5.7 million in funding from the United States of America is expected to leverage over USD 133 million of private sector capital. The Netherlands also indicated that it is providing support to the Althelia Climate Fund, particularly for issues related to forest-based emission reductions.

#### *Norfund*

Norfund serves as the commercial investment instrument of Norway's development policy. Norfund's purpose is to create sustainable commercial activities in developing countries by establishing and developing viable, profitable enterprises beyond what would otherwise be possible. Norfund supplies risk capital to environments in which capital is particularly scarce and always invests jointly with partners. By co-investing with others, Norfund leverages additional capital and ensures the provision of the industrial and local knowledge needed for each investment.

#### *Climate Public Private Partnership*

The United Kingdom of Great Britain and Northern Ireland will invest GBP 110 million as an anchor investor in two commercial private equity funds, aimed at catalysing private investment (specifically from institutional investors) and leveraging additional private debt financing. Both funds directly invest in projects but also create a track record of sub-funds to support investments in energy efficiency, renewable energy and clean technology inventions. In developing countries, Climate Public Private Partnership is expected to save an estimated 53 metric tons of carbon dioxide equivalent, generate more than 2,100 megawatts of clean, reliable energy and create an estimated 34,000 new jobs.

#### *Green Africa Power*

The United Kingdom will invest GBP 98 million in Green Africa Power (GAP), GBP 95 million of which will be used to capitalize a facility established under the Private Infrastructure Development Group. GAP will invest in renewable energy projects in sub-Saharan Africa. It aims to demonstrate the long-term viability of renewable energy in Africa to attract private developers and investors, and encourage future projects. GBP 3 million will be used to set up the project, monitor and evaluate these impacts, and capture and disseminate this knowledge. GAP aims to co-finance approximately 270 megawatts of new renewable energy generation capacity, saving 12.97 million tonnes of emissions and demonstrating the commercial and technical feasibility of private sector renewable energy projects in Africa.



#### 4. Enhancing alternative sources for climate finance

38. In parallel with the efforts to mobilize private finance, many developed country Parties also emphasized the importance of enhancing alternative sources for climate finance in order to reach the expected amount of financing for climate change.

39. Among them, different developed country Parties demonstrated their actions and plans for putting a price on carbon in several ways. For example, some developed country Parties supported others to develop their own market-based measures through their external partnership and development cooperation programmes. In this regard, some developed country Parties mentioned the Partnership for Market Readiness of the World Bank, which provides grant funding, technical assistance and knowledge-sharing to developing countries seeking to establish domestic carbon pricing mechanisms. Other developed country Parties also suggested the development of global regimes for addressing emissions from international aviation and maritime transport as referred to in section A of this document.

40. In addition, reducing support for high-carbon investment was also considered by several developed country Parties as an essential part of efforts to set aside more financial resources for climate change mitigation and adaptation. From this perspective, some developed country Parties took an active part in international initiatives to reform fossil fuel subsidies or even to phase out such subsidies.

41. Further actions and plans to mobilize alternative sources of finance were also reported in the submissions. As mentioned, France highlighted that it considered a financial transaction tax at the international level as a promising way to raise public funding in a time of fiscal constraint in many advanced economies. Additionally, the United States mentioned that its bilateral development agency successfully issued its first “Green Guaranty” based on the Green Bond Principles which had been developed and published by a group of banks in order to promote the transparency of this instrument. Two other developed country Parties, France and Canada, also highlighted their successful experience in issuing their “Green Bonds” in recent years.

#### **D. Information on how developed country Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change**

42. Recognizing that the level of adaptation finance has not been sufficient when compared to that of mitigation finance, most developed country Parties provided information in their submissions on how they strived to improve the balance between adaptation and mitigation from different aspects, including data on how they enhanced their support for adaptation over time. In addition, many developed country Parties described their strategies to help vulnerable countries to adapt to climate change and to enhance the resilience of their communities and economies.

43. With regard to the target of the balance between adaptation and mitigation, a few developed country Parties mentioned that they aimed for an equal allocation between adaptation and mitigation. Most of the developed country Parties, however, only expressed their support to reach a reasonable balance between them without specifying quantitative targets. A few developed country Parties mentioned that they are paying particular attention to adaptation in their climate finance support with the objective that this would contribute to reaching parity between adaptation and mitigation at the global level.

44. In respect of financial support for adaptation through multilateral channels, some developed country Parties pointed out the significant role that the GCF could play in

improving the balance between mitigation and adaptation by aiming for a 50:50 balance of allocation between them over time, achieving a minimal level of 50 per cent of the adaptation funding for particularly vulnerable countries. Other developed country Parties also reported their enhanced contributions to other multilateral adaptation-related institutions such as the Adaptation Fund and the Least Developed Countries Fund.

45. In order to enhance adaptation finance in developing countries, several developed country Parties stressed the importance of incorporating climate change adaptation into national development strategies and plans. In this context, some developed country Parties gave specific examples of how they helped developing countries to develop their own country-driven adaptation strategies referring to the support for processes for the formulation of NAPs in different countries (see box 1 above). Moreover, other developed country Parties also mentioned that they focused their support on adaptation projects that addressed the needs and concerns of developing countries, in particular local communities. Box 3 illustrates some of the adaptation projects that have been highlighted in the submissions. The list is far from exhaustive and further examples are mentioned in the individual submissions.

46. Priority areas in enhancing adaptation finance varied depending on developed country Parties' own policies, from REDD-plus, water management, food and health security to disaster risk reduction and ensuring climate resilience of infrastructures. Several developed country Parties pointed out, however, that the synergy and cross-cutting benefits for both adaptation and mitigation should be sought and created.

47. In relation to the efforts being made to increase finance for adaptation, many developed country Parties recognized the critical role of public finance in areas where private investment is more challenging to mobilize, such as for adaptation. Based on this perspective, some developed country Parties expressed their views on the critical role that the GCF could play in promoting private sector investment for adaptation, including through its private sector facility. Another Party introduced the risk pooling mechanism as an example of the best practices of private finance that should be taken into consideration.

Box 3

**Examples of adaptation projects as highlighted in the submissions**

*Support to the Water Reservoir Programme in Burkina Faso*

With the aim of reducing the vulnerability of small dams affected by climate change, the Water Reservoir Programme in Burkina Faso has contributed to improved food security for people living in poverty by securing 24 million cubic metres of water for food production. Irrigated plots have been distributed and production of vegetables for the local market has begun. A guide for climate integration in the construction of dams has also been produced, and awareness among different stakeholders has been raised. This project is supported by Sweden.

*R4 Rural Resilience Initiative*

In Senegal, for example, the United States Agency for International Development is investing USD 8 million through the World Food Programme in the R4 Rural Resilience Initiative, which overcomes cash constraints by enabling the poorest farmers to pay for insurance with their labour by working on community risk reduction projects, such as improved irrigation or soil management. In 2014, R4 reached 6,000 participants in Senegal and plans to double this in 2015.

*Agriculture conservation*

In Zambia, politicians have recognized the potential of conservation agriculture to transform the agricultural sector. In response to this, conservation agriculture is now a



priority in Norwegian development assistance. So far, 159,000 farmers have adopted conservation agriculture techniques in their farming practices. With an average of around six family members in each household, this translates into around one million people reaping the benefits of this farming practice. In 2013, more than 200,000 farmers attended conservation agriculture training, a large proportion of which were female farmers. The lessons learned from Zambia have inspired other countries in the region. Norway through the support to Climate Smart Agriculture programmes will reach more than 800,000 farmers with climate smart technologies during the next five years.

*Adaptation for Smallholder Agriculture Programme*

The International Fund for Agricultural Development's multi-donor Adaptation for Smallholder Agriculture Programme (ASAP) is currently supporting 35 developing countries to help up to 8 million farmers to cope with the impacts of climate change, increase their incomes and at the same time deliver mitigation benefits from climate smart agriculture that sequesters carbon and reduces emissions from agriculture. The total ASAP fund is now USD 353 million and is growing. This will support grants alongside loans totalling about USD 2.4 billion and will therefore help to scale up climate smart agriculture.

*Improving the sustainability of microfinance institutions in Ethiopia and Nepal through climate finance*

This project is financed by the Austrian Ministry of Agriculture, Forestry, Environment and Water Management with approximately EUR 734,000 and is managed by the Austrian Development Bank (Oesterreichische Entwicklungsbank – OeEB). The project's objective is to provide capacity-building to microfinance institutions, with the overall goal of improving the environmental, financial and social sustainability of microfinance institutions in Nepal and Ethiopia – two countries particularly vulnerable to climate change and variability. The focus lies on capacity-building that enables microfinance institutions to provide financing for mitigation and adaptation measures that simultaneously provide value for microfinance institution clients (e.g. by stabilizing and, to the extent possible, improving income).

**E. Information on steps taken to enhance their enabling environments, following on from the report of the co-chairs of the extended work programme on long-term finance**

48. Developed country Parties emphasized the key role of enabling environments in contributing to the scaling up of climate finance. Accordingly, the United States highlighted that enabling environments in all countries, whether providing or receiving international climate finance, are crucial for effective investments in a low-emission and climate resilient development.

49. While only some developed country Parties provided examples of measures that they have undertaken so as to enhance their national enabling environments, all elaborated on the measures, initiatives and programmes that they are supporting in order to enhance enabling environments in developing countries.

50. **Putting a price on carbon** was mentioned by one Party and the EU, as one of the measures implemented in order to enhance their national enabling environments for the mobilization of climate finance. The EU highlighted how its emissions trading system has led to the improvement of enabling environments both within and outside its region, while Norway highlighted how putting a price on carbon has been beneficial to enhancing the enabling environments in its national context. That Party called for putting a price on



carbon at the international level in order to mobilize additional climate finance. Similarly, Canada emphasized that the adoption of an effective new climate change agreement with a commitment to action by all the world's major emitters would send a clear and strong signal to markets.

51. **Setting national incentives for low-emission pathways** was mentioned by France and Denmark as a measure by which to enhance their national enabling environments. France highlighted that it passed a comprehensive domestic energy tax reform in 2014, which consists of increasing energy tax rates according to the carbon intensity of energy products. Denmark mentioned the example of its Energy Agreement (adopted in 2012) which provides incentives for investment in energy savings through tools for cost-sharing (of the investment in energy efficiency) between landlords and renters.

52. Additionally, some developed country Parties mentioned **working collaboratively with other donor countries** as a key element of their strategy for mobilizing climate finance. In this regard, developed country Parties mentioned several initiatives that have been launched and in which they are participating. One initiative was the Climate Finance Mobilization initiative which brought together ministers and senior officials across governments in order to coordinate efforts to accelerate the scale up and mobilization of climate finance. Another initiative was the Global Innovation Lab for Climate Finance, which is referred to in section C above.

53. Another initiative, the Nordic Partnership Initiative on Up-scaled Mitigation Action (NPI), was mentioned by Sweden. NPI is an initiative between the Nordic countries as a group, and Peru and Viet Nam, which aims at building capacity in the host countries to enable them to structure and implement nationally appropriate mitigation actions, and to explore ways to attract sustainable national and international climate finance. The NPI programme in Peru, which started in June 2013, focuses on exploring possibilities to lower carbon dioxide emissions in the waste sector, and has a total budget of EUR 2.3 million. The programme in Viet Nam, which commenced in January 2014, targets the highly energy intensive cement production sector and has a total budget of EUR 1.6 million.

54. With regard to enabling environments on the demand-side, all developed country Parties stressed that improving enabling environments within recipient countries is necessary in order to help those countries to scale up climate finance and to build in-country efforts to achieve meaningful mitigation action and adaptation. Moreover, developed country Parties noted that the scaling up of climate finance in developing countries depends largely on the policy and institutional frameworks in place in the recipient countries. Hence, developed country Parties highlighted several measures, initiatives and programmes that they supported with the aim of improving the enabling environment of developing countries.

55. A number of developed country Parties mentioned that their work on enhancing enabling environments in developing countries focused on assisting developing countries to **address the barriers and reduce the risks to investment in climate-related projects and to achieve low-carbon and climate resilient development strategies**.

56. Two main categories of barriers to investment in climate-related projects in developing countries were mentioned in the submissions. The first category referred to the difference in financing costs between high-carbon and low-carbon technologies in developing countries. The second category included the bundle of risk factors that limit foreign direct investment in developing countries both climate-specific (e.g. untested technologies and systems, instability of regulatory incentives for low-carbon and climate-resilient investment) and non-climate specific (e.g. a weak investment climate, uncertain property rights, currency and political risks).



57. Concessional loans and low-cost and long-tenor debt financing were mentioned by several developed country Parties as means of addressing the barriers to climate-related investments by the private sector in developing countries. In this respect, developed country Parties highlighted the important role that their bilateral institutions and agencies are playing along with MDBs in mobilizing seed capital for investments in clean energy in developing countries. For example, the United States highlighted the fact that its overseas private investment corporation has committed more than USD 3.2 billion for investments in the renewable energy projects over the last five years, through standard debt products, senior secured loans to private equity funds, and political risk insurance to project lenders and equity investors operating in emerging markets.

58. Additionally, several developed country Parties mentioned the **crucial role played by their export financing institutions** in fostering the deployment of climate-friendly technologies and investments in developing countries, by ensuring the availability of adequate financial terms and conditions for projects.

59. **Grant-based technical assistance and capacity-building** were also highlighted by a number of developed country Parties as means of supporting recipient countries in strengthening their investment policy frameworks and increasing their readiness to access available funds. Some examples provided by developed country Parties featured support to developing countries in the design and implementation of regulatory measures in the energy sector (e.g. feed-in tariffs), development of investment ready project pipelines or integration of adaptation into national planning and development policies. Other examples mentioned were the provision of training to government officials of recipient countries in order to build their institutional capacity or fellowship programmes providing long-term technical support to countries seeking to develop and implement strategies for REDD-plus.

60. **Addressing risks for the private sector** was also mentioned by a number of developed country Parties as a measure that is being followed in order to enhance enabling environments in developing countries. In this regard, those developed country Parties reported several risk mitigation tools that they piloted or implemented in order to support private sector investments in their partner countries. Those tools ranged from conventional risk mitigation tools such as loan portfolio guarantees, export guarantees and first loss equity financing to innovative ones such as green guarantees or pilot insurance approaches used to help poor farmers to manage weather risk in some African countries.

61. **Enhancing market readiness** in developing countries was also mentioned by a number of developed country Parties by highlighting their support to the Partnership for Market Readiness implemented by the World Bank, which supports countries in exploring innovative and cost-effective ways to scale up emissions reductions and foster financial flows, including through carbon market instruments.



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The first part of the book is devoted to a general introduction to the subject of the history of the English language. It begins with a discussion of the early forms of the language, such as Old English, Middle English, and Modern English. The author then discusses the influence of other languages on the English language, particularly French and Latin. The second part of the book is devoted to a detailed study of the English language in the Middle Ages. It begins with a discussion of the early forms of the language, such as Old English, Middle English, and Modern English. The author then discusses the influence of other languages on the English language, particularly French and Latin. The third part of the book is devoted to a detailed study of the English language in the modern period. It begins with a discussion of the early forms of the language, such as Old English, Middle English, and Modern English. The author then discusses the influence of other languages on the English language, particularly French and Latin.